

Recommendations of Clark County Community Stakeholders On the Uses of Document Recording Fees Dedicated to Affordable Housing

Background

In 2002, the Washington State Legislature passed HB2060 that established a dedicated source of revenue for affordable housing, a \$10 document recording fee. The fees are collected by County Auditors who retain 5% for administration. The remaining funds are split into two pots:

- 60% to local jurisdictions for the sole use of housing for people 0-50% AMI.
- 40% to DCTED for allocation of operating support to projects, throughout the state, funded with State Housing Trust Fund capital and serving households 0-30% AMI.

In Clark County, the local portion of the funds is projected at approximately \$750,000 annually. To access the local portion of this new fund, counties and cities within counties must enter into an Interlocal Agreements which will establish the eligible uses and distribution criteria. There is considerable discretion on the specific uses for the local portion of the funds within the box of housing for households earning 0-50% AMI. Please see attached copies of the legislation and accompanying fact sheet.

Stakeholder process

Clark County Community Services staff invited over 70 stakeholders to attend two meetings to develop recommendations to Clark County Commissioners regarding the use of the local portion of the dedicated document recording fees. The meetings were facilitated by Lynn Davison of Common Ground, a Washington State non-profit technical assistance provider. Approximately 50 people attended the meetings (please see attached agendas and participant list). The following recommendations are the consensus view of participants.

If the following recommended uses and distribution are approved by the County Board of Commissioners, staff from the Department of Community Services will develop the administrative procedures and agreements necessary to allocate the available funding.

The following core principles were established through the community process for developing the recommendations:

- Support goals established in current Clark County comprehensive, consolidated, and/or continuum of care plans
- Maintain flexibility within eligible uses
- Leverage other resources
- Protect current levels of shelter programs without supplanting existing resources
- Keep administrative costs low

Recommended Uses and Allocation of the Funds

Capital funds for transitional and permanent housing:

Stakeholders recommend that a target of 30% of the fund be used for development of transitional and permanent housing including acquisition and rehab or new construction costs. New construction is only an eligible use if vacancy rates are under 10%. Clark County's Plans call for a significant increase in affordable housing for households at 50% of the or less area median income (AMI). The document recording fee revenues can leverage other capital resources such as HOME and CDBG. This portion of the fund would allow local low-income housing providers to successfully compete statewide and nationally for other competitive capital funding sources.

Operating funds for shelters, transitional, and permanent housing.

Stakeholders recommend that a target of 40% of the fund be used to maintain the current level of shelter services, provide operating subsidies to transitional or permanent housing providers, or rental assistance vouchers to private for profit and non profit housing providers.

The ongoing support of existing emergency shelters and youth shelters are at considerable risk. Stakeholders acknowledged the importance of these services as well as the need for operating subsidies for non profit housing or rent assistance vouchers for private for profit or non profit housing serving people 0-50% of the area median income (AMI).

There was no discussion or expressed interest in the administration of a voucher program although the legislation gives some guidance on the requirements of such a program. Further, regarding support of shelter programs, stakeholders recommended that funds should not be used to supplant existing resources and that only those programs that meet established performance standards should receive funding.

Because the actual amount of document recording fees collected may vary annually and because stakeholders value flexibility, the amounts for capital investment and operating investment are expressed as target percentages. The housing bond is a fixed amount to satisfy investors that repayment is assured. The actual split among uses will also vary by year depending on requests for funds. Stakeholders recommend that the distribution targets for the document recording fee revenues be considered in the aggregate for the first two years (2003-04) and then in aggregate over the next four years (2005-2009).

Creation of a Local Housing Bond

The community stakeholders recommended that a flat \$250,000 per year, or approximately one third of the available revenue, be used to purchase a 10 year low-income housing bond. Bond proceeds, estimated at approximately \$2,000,000 will be deposited in an interest bearing account for the purpose of land or housing acquisition. The land banking approach, made possible with the bond, would allow Clark County to secure property while costs and interest rates are as low as they are likely to be in the

foreseeable future. This bonding mechanism will also assist Clark County, and the cities within the county, to meet their housing goals as contemplated in the Growth Management Act, including goals for affordable housing.

Either Clark County, as a part of a larger general obligation bond issuance or the Vancouver Housing Authority could issue bonds to create this new capital fund. Administrative guidelines or requirements could be established to guide selection of properties purchased with the acquisition fund created with the bond proceeds. Stakeholders suggest that the criteria be considered by a smaller workgroup once, and if, approval and direction is established by elected officials.

Stakeholders did recommend that the purchase of land should be based on publicly adopted criteria but implemented by a single agency, such as the Vancouver Housing Authority. Stakeholders further recommended that the land acquired should be made available to eligible non profit organizations to develop housing for households earning 50% of the area median income or less through the process already established by the Clark County Housing Review Board..

Administration

Clark County Commissioners have established the Clark Housing Review Board (CHRB) to make recommendations on the use of federal HOME dollars, and occasionally other sources of funds for affordable housing. Stakeholders believe the CHRB is the appropriate body to oversee the administration of the new document recording fee revenues for housing. Because the eligible uses of the new funds include shelter operations, it is recommended that the membership on the Board should be broadened to include individuals with human service experience (perhaps a liaison with the Human Services Review Committee.

The CHRB is currently staffed by the Department of Community Services who would also be responsible for the allocation process, contracting, and monitoring of the new document recording fees.

Stakeholders recommend that the administrative costs should not exceed 5% of the total funding and furthermore, that the sources for those funds could include:

- a portion of the 5% fee retained off the top by the Clark County Auditor for collecting the document recording fees
- earned income on the dedicated fund
- and, only if above funds are insufficient, the fund itself

Review

Stakeholders suggested that the adopted Interlocal Agreement among local jurisdictions should be reviewed by Clark County Commissioners in 2005, after two years of experience. Subsequent formal reviews should occur as part of the regular Consolidated Plan process. The schedule for the next Consolidated Plan rewrite is 2009 and then every 5 years thereafter.

2060 Funding

Clark County Stakeholders Recommendation – April 2003

Needed from Commissioners

- Approval of stakeholders recommendations including
 - Capital Funds for Transitional and Permanent Housing
 - Operating funds for Shelters, transitional and permanent housing
 - Housing bond
- Approval of utilizing the Clark Housing Review Board as the administrative body
- Approval of the Department of Community Services CDBG and HOME program coordinating the planning for the guidelines of the use of the funds.

Attachments:

- HB 2060 Legislation (yellow)
- HB 2060 Fact Sheet (green)
- Agendas of two stakeholder meetings (blue)
- List of Participants (salmon)